



**State of Rhode Island
Department of Administration / Division of Purchases
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**Solicitation Information
March 26, 2014**

ADDENDUM # 2

LOI# 7548558

LOI Title: DENTAL HEALTH PLAN(S) FOR RITE SMILES PROGRAM

Bid Opening Date & Time: Monday, April 7, 2014 at 10:30 AM (Eastern Time)

Notice to Vendors:

PLEASE FIND ATTACHED THE STATE RESPONSE TO QUESTION #31 FROM ADDENDUM 1 WITH THE FULL RESPONSE.

NO FURTHER QUESTIONS WILL BE ANSWERED.

**David J. Francis
Interdepartmental Project Manager**

Interested parties should monitor this website, on a regular basis, for any additional information that may be posted.

Question 31:

Capitation Rate Methodology

Risk share arrangement – please restate how EOHHS will administer the risk share requirement.

Answer to question 31:

The Risk/Gain Sharing methodology is outlined in Attachment G of the Model Contract. The contractor is expected to send to the State a report of cumulative claims expenses each month during a contract period and for an additional 12 month following the close of the contract period. The report will reflect cash values as well as IBNR values. The additional twelve month period allows for run-out of IBNR. Once the run-out period has lapsed, the State will use encounter data to assess the reasonableness of the value reported by the Contractor of the paid claims reported on the risk share schedule. If the State can come within one percent of the value claimed by the Contractor, the State will finalize the settlement and either pay to the Contractor a Risk Share settlement or recoup from the Contractor a Gain Share settlement.

If the State does not come within one percent of the value reported by the Contractor for claims expenses, the Contractor will be requested to reconcile the dollar value of claims expenses to records submitted to encounter data.